

# **NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**

## **ADJUDICATION COMMITTEE**

### **SUPPLEMENTARY AGENDA**

**(Meeting – 29 June 2018)**

9. SUPPLEMENTARY REPORT BY ACTING CHIEF FINANCIAL OFFICER (circulated herewith)



**N XHEGO (MS)  
ACTING EXECUTIVE DIRECTOR :  
CORPORATE SERVICES**

28 June 2018

**SUPPLEMENTARY REPORT BY  
ACTING CHIEF FINANCIAL  
OFFICER**

# NELSON MANDELA BAY MUNICIPALITY

## Report For Bid Adjudication Committee

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<b>Demand #</b>	: 1628
<b>Contract #</b>	: SCM/18-248/S
<b>Description</b>	: RECEIPTING OF SERVICE CHARGE PAYMENTS ON BEHALF OF THE
<b>Directorate</b>	: BUDGET & TREASURY
<b>Project Manager</b>	: MS. NONTOBeko VUTULA
<b>Contact Details</b>	: 0415061278
<b>Email</b>	: nvutula@mandelametro.gov.za
<b>Contract Duration</b>	: 1 Months
<b>File No.</b>	:
<b>Estimated Value No.</b>	: 200000.00

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### 1. PURPOSE OF REPORT

The purpose of this report is to request authority to deviate from the Supply Chain Management Policy in terms of Section 39(1)(a)(v) in order to extend the contract (**SCM/9/3/2/19/R**) for one month with South African Post Office (SAPO) to collect and receipt municipal services charges on behalf of the Nelson Mandela Bay Municipality.

### 2. BACKGROUND

The Nelson Mandela Bay Municipality (NMBM) is responsible to provide services to approximately one million and one hundred thousand (1 100 000) residents within the Nelson Mandela Bay area. The NMBM issues approximately three hundred and thirty thousand (330 000) municipal service charges accounts per month.

Currently, there are nine (9) Municipal Customer Care offices that service the residents of the Nelson Mandela Bay area by receiving and receipting account payments for municipal service charges. It is important to note that in terms of Batho Pele principles, amongst others, service delivery ought to be accessible to communities and due to a growing number of consumers, more convenient outlets and alternative payment methods are required to pay municipal service charges accounts.

The South African Post Office currently provides this service to NMBM customers. SAPO receipts approximately thirty two thousand (32 000) transactions per month at a cost of R5.60 per transaction, VAT exclusive.

The existing contractual relationship (**SCM/9/3/2/19/R**) between NMBM and SAPO will come to an end on 30 June 2018 in (**Annexure A**). The estimated value of the contract over this period amounts to approximately R6, 000,000.00.

According to the minutes with Executive Mayor dated 4 February 2009 (**Annexure B**), it was resolved that;

- a) That additional method of payments be introduced and implemented as from May 2009 and that alternative payment

methods/channels as indicated in the report be rolled out on an on-going basis as and when they become available.

- b) That cost be recovered where deemed necessary from customers who will be in a position to choose the payment method/channel they refer.

**“11. PROGRESS REPORT – ALTERNATIVE PAYMENT METHODS/CHANNELS (4/14/R) (5/14/4/2) (Item 2 – Agenda p.3) (Min. No. 2/2009)**

Currently, the Revenue Management and Customer Care Sub-directorate is busy with the appointment of South African Post Office (SAPO) through Supply Chain Management process.

### **3. SCOPE OF WORK**

### **4. MOTIVATION**

The South African Post Office (SAPO) has been acting as a third party collection agent since 1996 for the NMBM. Currently, SAPO collects and receipt municipal series charges on a daily basis. An average of thirty two thousand transactions is receipted at SAPO on a monthly basis which results in approximately R22 million revenue collections in respect of municipal accounts.

The following table provides both the old and the new/negotiated rates:

<b>ITEM NO</b>	<b>TYPE OF SERVICE</b>	<b>RATE</b>
1	Base fee	R5.60
2	Cash handling fee	0.3%
	<b>FINANCE CHARGES MERCHANTS</b>	
3	Debit card	0.80%
4	RD Cheques	R39.90

Below is a table highlighting the revenue received from SAPO for the past six months;


<b>MONTH</b>	<b>TRANSACTIONS</b>	<b>VALUES</b>
December 2017	15079	R21 665 952.07
January 2018	14014	R17 936 620.52
February 2018	14206	R17 847 976.59
March 2018	15829	R21 259 554.49
April 2018	13778	R18 621 036.39
May 2018	15283	R20 300 607.84

The SAPO offices allow the NMBM a greater foot-print to provide municipal account holders and members of the general public, with alternative pay-points options.

**5. ITEM DETAIL**

**Item No. 1**

**RECEIPTING OF SERVICE CHARGE PAYMENTS ON BEHALF OF THE**

<b>Bidder Name</b>	<b>PM</b>	<b>Price</b>	<b>PM Comment</b>
SOUTH AFRICAN POST OFFICE LTD		200,000.00	

## 6. FINANCIAL PROVISION

Financial Year	Vote No		Job Code	Allocated Amt
	Org Code	Item Code		
2018-2019	0023	2741		5231830.00
2019-2020	0023	2741		5545740.00
2020-2021	0023	2741		5878490.00
	Total (Vote No) 16656060.00		Total (Job Code)0	(Total) 16656060.00

### Budget and Treasury

The Directorate confirms that the necessary budget provision is available for this tender

Remark: Budget exists for the approval of this deviation

Signature: *Denise Charlton* Date: 27/06/2018

Name: Ms. Denise Charlton - Signed in SCMS

### Head of the Department

Department Head approves the use of the funds for this project

Remark: Approved

Signature: *A Ferreira* Date: 27/06/2018

Name: Mr. A Ferreira - Signed in SCMS

## **7. COMMENTS**

## **8. RECOMMENDATIONS**

**It is recommended for approval by the City Manager:**

- 8.2.1 That the existing contract with South African Post Office be extended with effect from 1 July 2018 to 31 July 2018 to collect and receipt municipal service charges on behalf of the NMBM at the proposed rate fee.